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# Support to Regional Development Policy Implementation II

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**GEORGIA**

**Support to Regional Development Policy Implementation II**

Contract No ENPI/2016/376-862

**RDP 2015-2017 Mid-term Evaluation Report**

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## I. Introduction

### 1. Background

This document has been developed within the EU TA project “Support to Regional Development Policy Implementation II” to assess interim progress and effects of the “Regional Development Programme of Georgia for 2015-2017” (RDP). The draft versions of the report<sup>1</sup> has been discussed several times with officials from MRDI what contributed to its quality and accuracy of its recommendations.

This evaluation report is prepared as required by one of general conditions set in the Financing Agreement on Support to Regional Development – Phase II for disbursement of the third tranche of the EU budgetary support to Georgia, however it should be noted, that the implementation of the RDP, being only in its second year, doesn’t allow to make a comprehensive evaluation of its interim results and observing impact of the programme on internal cohesion in Georgia. The evaluation, embracing all those aspects, such as effectiveness and efficiency of the programme will be done after the RDP is finished in 2017.

This report focuses on assessment of relevance of RDP activities to formulated goals and priorities, preliminary effects of implementation in physical terms and ability of Georgian authorities to manage implementation of regional policy activities. The recommendations presented in this report are aiming at improvement of the management of the programme and is giving recommendatory basis for elaboration of the future regional development programme to be implemented from 2018 on.

The report, following the consultations with relevant stakeholders will be submitted to the programme implementing agencies for further consideration and implementing recommendations.

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<sup>1</sup> The first version of the report was accepted by MRDI on 26<sup>th</sup> of December and after additional work done thanks to availability of data after the end of the budgetary year (February 2017), discussed with stakeholders in March and accepted by MRDI at the end of March 2017.

## 2. Regional Development Programme 2015-2017

On July 9, 2014, the **Regional Development Programme of Georgia for 2015-2017 (RDP)** was approved by the Government Decree #1215. The document represents a medium-term governmental programme, which defines main tasks, priorities and objectives of the regional development policy of Georgia. According to it, the document creates a strategic framework for a balanced and sustainable socio-economic development for the next 3 years and in total, it accumulates roughly 3.2 billion GEL to implement respective program priorities and concrete measures.

The adoption of this national programme is viewed as a significant step forward towards a very complex and a higher standard planning of local and regional development and approximating such practices to the similar experiences of the EU and its member states, including to the *Integrated Development Planning Approach*. It is reported that the Programme is based on, and largely in line with, the EU Cohesion Policy experience of recent decades (aimed at the reduction of disparities between regions). The Programme reflects also to some extent the Competitiveness Growth Policies as the means for achieving such cohesion and addressing the broader development needs.

The Programme has been prepared with due participation of the relevant line ministries and agencies, the Governmental Commission on Regional Development (GCRD), its special Inter-agency Working Group (created by the decision of GCRD, record #25, 25/11/2014), field experts and other stakeholders. In December 2014, RDP was presented at the concluding conference to a broad range of stakeholders, including high level officials of the Government of Georgia, Parliamentary Committee on Regional Policy and Local Government, international organizations, donors, foreign ministry and agencies, local CSOs, etc.

On December 26, 2014, the GCRD approved the Monitoring Plan of the RDP implementation and introduced detailed rules and procedures for the effective monitoring process.

The implementation of the Programme through the measures identified under each of the 5 priorities, started at the beginning of 2015. The implementation of the programme is coordinated by the MRDI and implemented by several Ministries and agencies.

As of today, evident progress is reported to be achieved in the course of implementation of the Programme objectives and priorities. Under the immediate coordination of MRDI and in close cooperation with relevant stakeholders, the corresponding Annual (for 2015 and 2016) and Mid-year Monitoring Reports (in 2015 and 2016) – observing the major steps and measures undertaken in 2015 and 2016 for RDP implementation - were prepared in full compliance with the *“Monitoring Plan for the Implementation of the RDP 2015-2017”* and presented subsequently for further reflection to the Governmental Commission on Regional Development (GCRD).

## **II. Evaluation Methodology**

Since the 2 year period of implementation of the Regional Development Programme does not allow for a comprehensive evaluation of its interim results and the impact of the Programme on internal cohesion in Georgia, this Interim Report focuses on assessment of relevance of implemented priorities and measures to set goals and priorities, preliminary effects of implementation in physical terms and ability of Georgian authorities to conduct modern regional policy. The evaluation has a formative character and may serve (in the limited scope due to the short, three-years perspective of RDP implementation, ending in December 2017) for the improvement of the RDP implementation process and increasing its overall efficiency as well as for formulation of recommendations for the regional policy development after 2017 and preparation of new development programmes on national and regional levels. The detailed analysis of the relevance, effectiveness and efficiency of the programme together with its impact and sustainability will be subject of the ex-post evaluation to be prepared after finalization of the RDP implementation at the end of 2017. The Interim Evaluation findings should be also taken into account during preparation of the report on Review of Regional Statistics (being developed in parallel).

The specificity of this evaluation has affected the methodology adopted for its preparation. Therefore, the main objective of the study is to provide the intended users of the evaluation - representatives of the Government of Georgia - with an external expert’s view on the adequacy of the defined targets of the Programme, the progress towards achieving the expected results and the assessment of the effectiveness of the RDP implementation system.

Consequently, the basis for the study are the following evaluation questions:

1. Are the objectives of the intervention defined in the programming phase relevant for achieving the goals of the RDP and address properly the weaknesses defined in the SWOT analysis of the RDP?
2. What are the actual achievement of the Programme?
3. Is the management and implementation system of RDP effective?

The main criterion used in this evaluation is relevance, evaluating the adequacy of the planned objectives of the intervention and their methods of implementation to the goals set for the Programme. Additionally, the criterion of effectiveness is researched, assessing the degree of realization of the goals as well as the effectiveness of the institutions engaged in the implementation of the Programme.

While preparing this mid-term evaluation the participatory approach was used, based on dialogue and involvement of stakeholders. For this purpose, a qualitative research method in the form of in-depth interviews was exploited. Therefore, the main methods used in this study are:

- participant observation and discussions with stakeholders and government officials,
- interviews with the bodies implementing the program in order to collect information on the progress of the RDP and the barriers and constraints affecting successful implementation of the Programme,
- desk research, including the programming documents, Consolidated Annual Monitoring Report on implementation of Regional Development Programme 2015-2017 (RDP) for 2015, Mid-year Monitoring Report for 2016 and the evaluation reports of the EU Verification Missions,
- triangulation of findings of qualitative and quantitative data and information.

In order to answer the evaluation questions during the process of preparation of this Report a number of interviews with managers and employees directly responsible for realization of individual measures on behalf of the RDP implementing entities have been conducted (for the list of

interviewed persons see Annex I). During the interviews, the representatives of the RDP implementing agencies have been asked the set of predefined specific questions, concerning the effectiveness of the implementation process (list of questions is presented in Annex II).

Some implementing agencies did not provide enough target values for output and result indicators to make quantitative analysis; thus, the interviews were used to document variations in programme implementation by different agencies. In some cases, the decision makers and analysts who were able to make forecasts and judge about indicators and measures were interviewed. The interview-based feedbacks of the implementing agencies have been taken into due account in the course of preparation of the Evaluation Report.

Desk research concentrated on full examination of the RDP and related monitoring documents as well as the evaluation reports of the EU Verification Missions. During this phase of evaluation, the identification of data produced by National Statistics Office of Georgia has also been conducted.

### **III. Evaluation Findings**

The evaluation findings have been divided into three sub-chapters, according to the evaluation questions identified above. In each of the sub-chapters the detailed description of the findings is presented together with conclusions and recommendations. The main recommendations are then included in the Chapter IV - Recommendations that should serve for the Ministry of Regional Development and Infrastructure of Georgia as a tool for increasing the effectiveness of the implementation process of the RDP and its management.

#### **3. Relevance of the Intervention**

The Chapter 1 concentrates on the first evaluation question, which has been formulated as: Are the objectives of the intervention defined in the programming phase relevant for achieving the goals of the RDP and address properly the weaknesses defined in the SWOT analysis of the RDP?

The Regional Development Programme of Georgia for 2015-2017 has been prepared as the complex document taking into account the broad objectives of the regional policy in Georgia and providing response to the most critical factors of its regional development. The Chapter 2 of the RDP gives the detailed overview of the current situation in Georgia in terms of regional development, with emphasis on such issues as geographic location and natural resources, demography, physical infrastructure, environmental issues, economic development, including innovation and technological development, labor market, education and tourism potential. On the basis of the overview, the key issues have been identified, to be addressed by the Programme.

**Table 1. Key issues addressed through the RDP 2015-2017**

**Issue 1: Regional Disparities in Georgia**

Georgia is relatively small and underdeveloped compared to EU average.

Many local variations can be observed but the main regional characteristics are:

1. The polarity between “Greater” Tbilisi and the rest of Georgia
2. Differences between urban and rural locations across Georgia
3. The particular situation of a few remote mountain areas

**Issue 2: Key Development Needs and Challenges**

- Improvement of Physical Infrastructure networks to support Economic and Social Activities, especially - in densely populated areas.
- Supporting development of local SMSs and their competitiveness and thus promoting employment growth opportunities in regions
- Modernization of Georgian agriculture and improvement of the quality of life for rural population
- Having more balanced distribution of resources between Tbilisi and other regions of Georgia
- Offering viable livelihood to the population in remote mountainous districts

**Other Development Challenges:**

- Institutional and resource capacity limitations of sub-national administrations, including: Effective planning for local socio-economic development; Effective administration of development programs; Management of local assets; Planning-managing infrastructural projects; supporting inflow of investments locally; supporting development of Innovation and Technology Transfer Systems locally.
- Lack of local institutions supporting regional development and entrepreneurship

- Sources of finances for investment (particularly in rural/remote locations) are often insufficient
- Lack of effective regional mechanisms to (co)attract FDIs in regions
- Relatively Poor level of local human/social capital.

**Issue 3: Programme objectives**

*Overall Objective:* To contribute to more balanced and sustainable socio-economic development across Georgia;

*Specific Objectives:* (i) To support economic development and create new jobs, especially in those regions where the level of employment is low; ii) To improve the quality of life, especially in rural and less developed areas.

***RDP Program Priorities:***

Priority 1 - Improvement of Physical Infrastructure and Environment Protection

Priority 2 - Supporting the Development of local SMEs and the Creation of New Jobs

Priority 3 - Rural Development

Priority 4 - Tourism Development

Priority 5 - Improvement of Human Capital and Development of Vocational Education Capacity at National and Sub-National Levels

In addition to these five thematic priorities, RDP covers potentially two geographically specific areas of intervention that is to be coordinated through this Programme:

- Implementation of Regional Development Strategies
  - RDS Action Plans
  - Effective application of (co)funding financial instruments - Regional Development Fund of Georgia (RDF)
  - Selection of projects to be financed from the Fund based on the respectively set objective criteria and methodology
2. Targeted policy for High Mountainous regions.

The SWOT analysis of the Regional Development Programme 2015-2017, taking into account all the above mentioned factors, identified the following weaknesses of the current situation at the regional level in Georgia:

- Not only are resources attracted to Tbilisi from the rest of Georgia but there are concentration costs in Tbilisi itself;
- A major part of physical infrastructure still requires completion and development especially in less densely populated areas;

- Much further VET capacity development and the adoption of standards is needed – remote areas are still at a disadvantage;
- Sources of finances for investment (particularly in rural/remote locations) are often insufficient;
- Agriculture and rural based economic activities are not sufficiently responsive to market demand;
- Land ownership is fragmented and rarely registered;
- Remote mountainous municipalities currently are unable to support a viable population at present;
- Unemployment (especially, in rural areas where most of the population is self-employed) and underemployment still remains a critical problem;
- Regional and local governments’ institutional and resource capacity limitations are still acutely problematic.

The identified weaknesses together with strengths, opportunities and threats served as the basis for indicating main needs in relation to regional development in Georgia. The needs then served as a starting point for defining the priorities and measures for the RDP.

**Need 1: Creation of the relevant physical infrastructure network in support of economic and social activities.** Within this need, the following investments are listed:

- development of transport system in order to maximize Georgia ‘s transit potential and enabling the access to transport hubs for the population of remoted regions and for investors willing to consider locations other than in limited number of regions with good transport infrastructure;
- water supply system development;
- waste and waste water treatment and air pollution facilities development;
- provision and security of supply of power (electricity and gas);
- improvement in telecommunications and information technologies in more remote areas.

**Need 2: Support to local businesses to increase their competitiveness as well as employment opportunities in Georgian regions.** Within this need, the following activities were indicated as the most important for further development:

- a regionally balanced provision of VET and labour market services;
- a more balanced regional dispersal of business services (including access to finance, business support services and availability of appropriate, secure and affordable business premises).

**Need 3: Modernizing Georgian agriculture and improving the quality of life for the rural population,** including:

- ensuring that national agricultural policies and institutional and regulatory framework cover all Georgian regions;
- irrigation and drainage infrastructure development;
- diversification of economic activities in rural areas;
- enhancement of financial support in rural areas.

**Need 4: Balanced distribution of resources between Tbilisi and other regions of Georgia.**

**Need 5: Remote mountainous districts to offer a viable livelihood for at least a core population.**

On the basis of the analysis of the current situation in the regional policy in Georgia, SWOT analysis and the identified needs the overall objective of RDP has been defined, which is:

- to contribute to more balanced and sustainable socio-economic development across Georgia.

Along with the overall objective, two specific objectives have also been indicated:

- to support the economic development and create new jobs, especially in those regions where the level of employment is low, and
- to improve the quality of life especially in rural and less developed areas.

In order to achieve the identified objectives 5 priorities were defined, and some of the priorities were divided into several measures. Below, an attempt to assess the relevance of the planned

interventions to the identified needs is presented. It is to be noted however that in many priorities/measures the assessment of the relevance is difficult due to the fact that by the end of 2016 the result indicators for the Programme were only started to be identified and output indicators for some of the measures were not available. Additionally, data on planned output indicators as a result of interventions are sometimes not collected by the implementing institutions and in some cases planned interventions are not implemented due to external factors.

### **Priority 1. Improvement of Physical Infrastructure and Environment Protection**

The priority addresses the need of improvement of infrastructure, particularly in the rural areas. Among the infrastructure listed within the Priority there are roads of international and national importance, solid waste infrastructure, water supply, sewage and sewerage systems, reduction of risks connected to natural disasters and rehabilitation of damaged infrastructure, as well as promotion of stable forest management.

The authors of the Programme underline that development of new infrastructure and rehabilitation/modernization of the existing one not only improves living conditions for the population of the regions outside the area of “greater Tbilisi”, but also constitutes a pre-requisite for increasing business investments in the regions.

About 64,6% of all funds available for RDP is allocated for implementation of this priority (GEL 2,397 million) and within the priority the bulk of the funds (GEL 1,809 million, i.e. almost 75,4%) goes for roads of international and national importance. In total, rehabilitation and periodical maintenance works are planned on 700 kilometers of roads, building of 80 kilometers of highway and construction/rehabilitation of 120 bridges. Not undermining the importance of good quality roads for the economic development and for enhancement of well-being of population by increasing the accessibility of the regions it is to be considered whether such structure of financing should be maintained also in the future. At the same time, one cannot ignore the fact that RDP budget reflects to the great extent the structure of the State budget, in which the expenditures on roads constitute one of the major positions. It is to be expected that the next regional development programme to be prepared for the years 2018-2020 will be less concentrated on road

infrastructure and other priorities will be much strongly supported, also with the use of external sources.

The second major amount of support within this priority (GEL 478 million or 12,9% of total allocation for RDP) is dedicated for the improvement of the water supply and sewage systems, addressing the pressing social need to improve provision of potable water and sewerage systems, especially in rural areas. Investments in this area may have an immense impact on improving living standards in rural and less developed areas.

Other activities within the priority will have less impact on the general and specific objectives of the RDP due to the limited allocation, dispersed among 3 measures. The smallest amount (40 million GEL) will be disbursed for the Solid Waste management- specifically for Kvemo Kartli Waste Management Project (EBRD, SIDA) ( 4,5 million GEL) and The Integrated Solid Waste Management project of Kutaisi (EU, KFW) ( 7,5 million GEL).

### **Priority 2. Supporting the development of SMEs and the creation of new jobs.**

According to RDP, half of the Georgia's GDP is produced in Tbilisi. SMEs constitute 60% of all enterprises in Georgia (according to GEOSTAT, the total number of registered enterprises exceeded 554 thousand in 2014, however many of them do not operate) and only 55% of them are located outside Tbilisi. The analysis presented in the RDP shows that major obstacles for SMEs are: concentration of enterprises in the "Great Tbilisi" area and some other big cities, low number of companies active in manufacturing, lack of financing, small number of jobs offered. As a result, 60 million GEL has been allocated for promotion of micro and small businesses and stimulation of local industrial productivity through affordable loans and leasing, trainings, consulting and grants, as well as for creating new enterprises. It is to be noted that although the instruments planned for implementation within this priority in terms of number of loans available for SMEs, new enterprises set up and jobs created are quite impressive, it can be presumed that the needs in this respect are much greater and the funds allocated for the priority may not be sufficient to achieve a significant change in the sector.

### **Priority 3. Rural development.**

The priority concentrates on several measures dedicated to development of rural sector in Georgia, such as modernization of the irrigation system, access to affordable credits for farmers and companies dealing with agribusiness, land market development and other programmes, such as (as indicated in the RDP): introduction of new and innovative agrarian technologies, increasing food safety, enhancing the phytosanitary safety of the country, development of winery. Total allocation for the Priority is 737,6 million GEL (19,8% of the total allocation for RDP).

The structure of the Priority reflects properly the Need 3 identified within the RDP, among which there were the development of the irrigation and drainage infrastructure, diversification of economic activities in rural areas and increase of financial support in rural areas. Almost 30% of the funds (221 million GEL) in this Priority is allocated to the modernization of the irrigation system. As a result of implementation of the activities within this measure additional 199 ha of land plots are to be irrigated and the acreage of the land with proper drainage system will constitute 18,600 ha (45% of total drylands, which is a 15% increase during the implementation period of RDP). The significant impact on the achievement of the objectives of the RDP may also be expected as a result of spending of GEL 90 million on improving the access to affordable financing for farmers and agricultural companies.

#### **Priority 4. Tourism development**

Within this priority 93,2 million GEL is allocated to increase the attractiveness of Georgia for international tourists, which will increase revenues as a result of the increased number of tourists. Within the priority it is planned that regional studies analyzing the tourism potential on regional and local levels will be developed and training courses organized to enhance the competences of the Georgian National Tourism Administration and the local tourism services providers. Development of tourist products and organization of marketing events is also planned. The Priority responds in the broad sense to the Need 5: to support the economic development and create new jobs, especially in those regions where the level of employment is low, since in many locations tourism can constitute the basis for development of local and regional economies. Since the amount of tourists is growing yearly, accordingly the amount of budget allocations to tourism development is also growing since the start of the programme in 2015. In 2016 compared to 2015

the growth of amount of international visitors in the country constituted 7,6% (6,35 million tourists) whilst in 2015 the growth was 7% (5,9 million) compared to the same period of 2014. In terms of financial resources, 23 million GEL have been allocated in 2015 for the priority and in 2017 we are going to observe more than twofold increase in the allocated funds (50 million GEL). As a result of all the above mentioned, the inflow of foreign currency in the country has increased as well, which is vital considering lately occurred currency rate deterioration.

**Priority 5. Improvement of human capital and development of vocational education institutional capacity at national and sub-national levels**

The priority aims at enhancing Georgian labour force qualifications to respond to the business needs. In order to achieve this goal, several measures have been planned within the priority to ensure the availability of trained work force across the country. This is planned to be done through conducting the Labour Market Demand Survey, rehabilitation of existing network of VET colleges (construction, reconstruction, equipment and staffing), improving the vocational education and trainings for agriculture related sectors and training of VET teachers to ensure the continuation of their professional development. Additionally, the priority provides the development of institutional capacities of the local self-governments through training programmes for civil servants employed in local self-governments and regional administrations.

The priority responds to the Need 2: Support to local businesses and increase of their competitiveness as well as employment opportunities in Georgian regions, and specifically to the 2a Need: A regionally balanced provision of VET and labour market services. With the measure 5.3 (Vocational teaching and education, agriculture related extension system) it also responds to the Need 3: Modernizing Georgian agriculture and improving the quality of life for the rural population.

Generally, the priorities are the response to the identified needs, however not all of listed needs have been addressed in the RDP. Such activities as provision and security of supply of power as well as telecommunications and information technologies remain outside the scope of the programme. Additionally, some well justified needs, such as the need to ensure that national agricultural policies and institutional and regulatory frameworks cover all Georgian regions, balanced

distribution of resources between Tbilisi and other regions or ensuring that remote mountainous district offer a viable livelihood for the population have to be taken into account while preparing other special state programmes. But it is to be noted that as a rule, the activities within the Programme are to be implemented outside the area of “greater Tbilisi”, thus serving as a tool for achieving the more balanced development of the country (however some exceptions can be observed).

The priorities and measures proposed in RDP can be assessed as still valid, however some doubts arise when analyzing the detailed content of several measures. It seems that in some cases planned interventions are not implemented and instead some others are proposed, the adequacy of which can be assessed only after the analysis of result indicators.

The main problem in evaluation of the progress achieved is the lack of result indicators in the original documents related to the PRD (the programme itself and the RDP Monitoring Plan). So far, the progress has been analyzed only on the basis of output indicators, and in several measures these indicators have changed in course of implementation period due to changes in the content of some measures and also due to the fact that some of the indicators, although planned, are not collected by the implementing institutions. At the end of 2016, an effort has been taken to determine the set of result indicators for the Programme and the Annual Monitoring Report for 2016 for the first time presented the achievement of the Programme in terms of quantified results. This can bring substantially more data for preparing the ex-post evaluation of the programme at the end of 2017 - beginning of 2018.

#### **4. Actual Achievements of the Programme**

The chapter aims at delivering the answer to the second evaluation question, i.e.: What are the actual achievements of the Programme.

As reported in the monitoring reports and confirmed by representatives of MRDI, ministries and implementing agencies, the overall progress of the 2015-2017 RDP in financial and physical terms should be assessed as a very positive: despite budgetary problems caused by fluctuation of the economic performance and changes in the policy priorities (e.g. increase funds for tourism and

agriculture) financial and physical targets (products indicators) set for the whole implementation period are likely to be achieved.

The progress of the programme in terms of socio-economic results at this stage is difficult to assess. Only limited observations can be drawn at the level of individual measures as discussed in previous chapter, relating to the following issues:

- After only 22 months since the start of the programme, broader impact on competitiveness, economic activity and territorial cohesion cannot be properly assessed;
- lack of indicators measuring the expected results in the RDP;
- Low availability of indicators to measure socio-economic development; this relates both to the lack of needed indicators at national and regional level in particular and the fact that in many cases the recent available data provided by GEOSTAT and other agencies show the situation at the end of 2015 or even 2014.

By the end of 2015 expenditure on the implementation of measures included in the RDP amounted to GEL 1128.7 million, which represented 96.7% of the amended State Budget in December 2015. In 2016, the second year of the implementation of the programme, total expenditure amounted to GEL 1201.2 million. In both years, the expenditures were much higher than the EU Financing Agreement performance condition (Policy reform matrix, Policy area 3) for 2016 – *“Annual actual expenditure under the regional development programme should be within 80% of the overall public/budgetary expenditure foreseen for the RD in the year in question”*. Cumulative amount of expenditure under 2015-2017 RDP reached GEL 2232.4 million, which represents 65.8% of total expenditure (GEL 3501 million) planned under RDP until the end of 2017.

Priority 1 “Improvement of physical infrastructure and Environment Protection” has influenced most the overall implementation rate since the allocation for this priority represents almost 58.5% of total Programme. Under this priority, the biggest share of allocation is devoted to financing construction, modernization and maintenance roads of international and national importance.

The priority with the second biggest allocation is rural development, which includes various supporting measures for development of agriculture and rural areas, including construction and modernization of irrigation systems, agro credits and financing vouchers for small farmers' activities. Such concentration of allocated funds under RDP for upgrading infrastructure – national and local scale roads as well water and sewage systems on one hand and agriculture on other, shows the biggest needs and political priorities of the government. However, it has to be noted that the response to the challenges of regional policy in Georgia will require the more balanced allocation of funds to address also broader socio-economic needs.

The measure with the third biggest allocation is Regional Development Fund, financing different types of infrastructural projects (from roads, water and sewage facilities to street lighting and kindergartens) identified by municipalities and taking into account regional development strategies' goals – balanced development of Georgia's regions.

Below, the progress in implementation of each of the measure at the end of two years of implementation (2015 – 2016) is presented together with general performance assessment.

### **1.1. Roads of International and National Importance**

1) The measure - maintenance, rehabilitation and construction of the roads of international and national importance is implemented by the Roads Department of MRDI. During two years of implementation 486 km of roads were rehabilitated (69.4% of target for the whole implementation period), 54 km of highway were constructed (66.9%) and 76 bridges were built or rehabilitated (63.3%) for the total amount of 1,350 million GEL. In terms of result indicator, decrease of travel time from Tbilisi to Batumi (the capital of Adjara AR and the port on the Black Sea) from 5h 45 minutes to 5 h has been achieved.

The representatives of Roads Department mentioned the increase of transit competitiveness of the country, improving international and regional mobility and reduction of the traffic accidents as the expected results of their activities, however they were not able to demonstrate the result indicators due to specific complexity of the activities and lack of data collected. The department needs to work further to create result indicators in order to measure the medium and long-term results achieved in a more sophisticated way. The number of traffic accidents, as affected by

other factors rather than the conditions of roads, should be withdrawn and substituted with relative one(s).

2) The capacity of the Roads Department in terms of implementation of the goals and objectives mentioned in the RDP may be assessed as decent.

### **1.2 Solid Waste Management**

1) The management of the landfills is implemented by the Solid Waste Management Company. In years 2015-2016 the Company spent GEL 27.2 million for closing down 17 landfills in different regions and rehabilitation of 18 landfills. As a result, by the end of 2016 the percentage of landfills with modern management and improved environmental conditions to total area of landfills grew from 23% in 2014 to 89%.

2) The capacity of the company to implement the goals and objectives of the RDP is to be assessed as decent.

### **1.3. Construction and rehabilitation of water supply and sewerage system.**

1) The measure is implemented by the United Water Supply Company and Municipal Development Fund. The institutions spent GEL 293.6 million within two years of the Programme on rehabilitation of 1278 km of pipeline and as a result of this activity more than 15 thousand of new customers were connected to the water supply system.

This measure shows very good performance, however, in the monitoring reports the company indicated a set of problems (weather conditions, long run negotiations of the land owners and broken obligations of sub-contractors) as the reasons for delays.

The result indicator (the share of population with 24-hour water supply in all regions) shows some modest progress. In 2014, 5.4% of the population of targeted locations received the potable water within 24 hours, while in 2015 this share increased more than twice to 13.6% and to 18.9% in 2016. In the RDP Measure Sheets the Company set up the target - 95% of population supplied with water within 24 hours by 2019. But if one takes into account the fact that Tbilisi, Mtskheta and Rustavi have 24-hour water supply, the general result is more optimistic since

about 49% of the entire population of Georgia (excluding Adjara where a local company operates) is provided with potable water during 24-hour by the end of 2016.

2) Based on the result indicator, one should assume that the capacity of the Company in implementation of the RDP goals and objectives is relatively modest. In other terms, the company needs to improve further its performance or change indicators to measure the expected results.

#### **1.4 Natural Disaster Risk Reduction and Protection**

1) The measure aiming at reducing risk and increasing protection against natural disasters is implemented by National Environmental Agency of the Ministry of Environment and Natural Resources Protection of Georgia and by the Roads Department of Georgia. During 2 years, 42.8 million GEL were spent by these two institutions.

The National Environmental Agency prepared 9 analytical studies with the recommendations defining the possible hazards and established natural hazards early warning system in 205 locations. Additionally, in 3 municipalities plans for preventive measures were created. Unfortunately, the Agency did not set the targets for the whole implementation period.

Within two years the Roads Department implemented 35 bank fortification projects (target for 2015 – 2017 period is 50) and works of immediate response and prevention of disasters were done in 42 locations out of 70 targeted. As a result of these projects the increase in number of inhabitants living in 2 km buffer zones protected from natural disasters from 159 thousand in 2015 to 356 thousand in 2016 is observed.

2) The capacity of the National Environmental Agency is relatively modest, unless it is able to prove the opposite by the result indicators in the further period. Meanwhile, the performance of the Roads Department is to be assessed as decent.

#### **1.5 Georgia Forest Inventory and Implementation of a Stable Forest Strategy**

1) The measure aims at promotion of state forest management system. The National Environmental Agency implemented number of activities and presented several physical output indicators to measure the results. In 2015-2016 period sanitary conditions improved on 48 400 hec-

tares of forests (about 56% of target for the end of 2017), 275.32 km of forest roads were rehabilitated (about 37% of target for 2017). Additionally, 700 foresters and branch specialists were trained (representing 77% of the target).

The result indicators proposed by the Agency is the share of the inventoried forest area (i.e. for which the information is available and which is managed according to modern standards) to total forest area. The indicator shows increase from 10.25% in 2014 to 15.62 in 2016, which seems to be the modest result.

2) The Agency's capacity to implement the RDP is to be assessed as good, however the demonstrated indicator results achieved need to be improved further.

Resuming, Priority one of 2015-2017 RDP one could conclude that the best performance was observed in the Measures 1.1, 1.2 and 1.4 (partly), satisfactory in the Measure - 1.5, while in the Measures 1.3 and 1.4 (partly) the performance was relatively modest. The indicators reflecting the results achieved by the implementing agencies need to be elaborated further at the beginning of 2017.

## **2.1 Supporting Business in Georgia's Regions through Institutional and Programming Activities**

The measure 2.1 aims to promote micro and small businesses and stimulate local industrial productivity through affordable loans and leasing for medium and large enterprises, trainings, consulting and grants for small and micro businesses. The government programme named "Produce in Georgia" consists of two parts: i) loans and leasing for existing businesses (industrial part) and ii) supporting small and micro business start-ups. The programme is implemented by Enterprise Development Agency of the Ministry of Economy and Sustainable Development. The increasing rate of employment and exports sales were mentioned as the expected results in the RDP Measure Sheets.

During the evaluation period, 51,3 million GEL were spent among others for support of 105 enterprises (which constitutes 161% of the target for 2017), equipment of 75 enterprises was upgraded (no target value for 2017). Also, 3207 business were set up in the regions (target value for 2017 being 3000) and 6432 jobs were created (which exceeded by 34% the set target for

2017) which resulted in increase of the share of persons employed as a result of the programme to total number of employed in SMEs across the country from 0.44% in 2014 to 2.2% in 2016.

According to the output indicators mentioned above, the performance of the programme was successful.

2) Taking into account successful progress of the output indicators of the programme, whilst also the absence of more result indicators for the present moment, the capacity of the Agency in implementation of the RDP may be assessed as satisfactory.

Resuming, the Priority 2, performance of the Measure 2.1 is to be assessed as satisfactory. In order to achieve the more advanced performance, the Agency needs to demonstrate further the success by presenting the result indicators.

### **3.1 Modernization of Irrigation System**

1) The measure aims to improve irrigation system and remove excess water from flooded areas. During the evaluation period, 131.3 million GEL was spent on 90 projects on improvement of amelioration system in the dryland areas by the United Amelioration System Company. The acreage of the additional irrigated land plots increased by 38 thousand hectares in the evaluated period and it was about 4 times more than 2017 target. The acreage of the land with the proper drainage system at the end of 2016 reached 12 thousand, i.e. 2 times more than it was targeted for 2017. It resulted in the increase of the share of ameliorated area to total area from 32% in 2014 to 40% in 2016.

During the interview, it was noted that the company needs about GEL 1 billion (about EUR 375 million) during next 5 years in order to finish the planned rehabilitation and construction projects. The total dryland is 278 thousand hectares, of which 100 thousand is ameliorated. In order to finish amelioration of all the land by 2020, the company should ameliorate 35.6 thousand each year, which exceeds significantly the values achieved during 2015 – 2016. Therefore, the performance of the measure is satisfactory however its improvement depends on the possibilities to attract additional funds by the company.

### **3.2 Improve Access to Finance**

1) The measure aims to increase access to financing possibilities of farmers and their groups by using cheap agro-loans. During the evaluation period, the number of new enterprises and farms which received the loans was 28 (2017 target - 50). The number of loans issued by the programme exceeded 5.9 thousands, which is 2 times more than targeted, however the significant decrease in issuing loans in 2016 in comparison to 2015 has been observed (4092 and 1863 respectively). According to the Agency, the loan portfolio for agriculture sector increased from GEL 56.5 million in 2013 to GEL 365.5 million at the end of 2016, but it is hard to prove that the portfolio grew only due to the implementation of the programme.

In order to provide more accurate assessment about cheap agro-loan programme, the relative indicator(s) should be introduced. During the interview, the representatives of the Agricultural Projects Management Agency stressed the difficulties related to calculation of the value added by the loans borrowers, while it should be useful if an indicator measured the effectiveness of the programme. Another issue is that loan portfolios are managed by the commercial banks - and they are reluctant to share the information with the third party. Also, in many cases, due to the specificity of the sector, it takes time to produce the agriculture goods that makes the result assessment impossible. However, it is to be noted that the Agency, as the representative of the Government should require the information of the profit/income and production produced by the beneficiaries. It would give an opportunity to provide the realistic evaluation of the programme.

2) The capacity of the Agency in meeting the RDP goals and objective related to the cheap loans component may be assessed as modest for the evaluation period. It was not possible to measure the income generated, new enterprises, number of jobs created or value added by the enterprises. The Agency needs to introduce the relative indicator(s) in order to make the performance measurable.

### **3.3 Other Agriculture Programmes**

1) The measure aims at further development of agriculture market in Georgia, diversification of production and increasing exports opportunities in the agriculture sector. The measure includes the activities in various spheres related to the agriculture.

During 2015-2016 GEL 302 million was spent by several agencies implementing the measure for different activities related to improvement of conditions in agricultural production. Among others, 98 research projects were conducted (no target determined) and 364 hectares of demonstration plots were set up (no target). The assessment of the progress is difficult, since according to the interview the Scientific-Research Centre presents only output indicators. The same situation relates to the research projects, which are listed among physical indicators of the RDP but have no target value. Taking the above into account and considering the possessing information we can assume that the role of scientific research in support of agriculture developing should be assessed as modest.

In the evaluation period 7464 food safety tests were conducted in 19,044 enterprises (almost doubling the number foreseen for the whole period 2015 – 2017), which resulted in decrease of the share of detected violations in food products from 31% in 2014 to 8.5% in 2016. In this respect, the performance can be assessed as decent.

During the evaluation period, 156 events were organized within the wine promotional campaign (the target for the Programme was 89, which means that 175% of the target was achieved). However, the share of wine exports in total exports dropped from 6.3 % in 2014 to 4.3 % in 2015 which was caused by external factors: the armed conflict and economic constrains in Ukraine and Russia - the largest Georgian wine consumer countries. At the same time according to the representatives of National Wine Agency the geography of Georgian wine exports expands gradually and includes such countries as Japan and China. Taking all these into account, the performance of this component of the programme may be assessed as satisfactory.

Within the evaluated period, there were 1,196 agriculture cooperatives established across the country. This physical indicator has no target value for the whole Programme period. The Agriculture Cooperatives Development Agency mentioned the increase of the number of cooperatives as the result of their programme. However, it is difficult to appraise the results of this particular activity since the Agency was unable to provide the data whether any of the established cooperatives managed to generate income. The Agency representatives declared to set up the result indicator(s) in 2017. Based on the number of newly established cooperatives, the performance of the Agency is satisfactory, however, in the next years the activity of the Agency should

be assessed not only by the number of the cooperatives, but also by the income generated and the level of their competitive production.

2) Based on the information above, the capacity of National Food Agency can be assessed as decent, Wine Agency – satisfactory, Cooperatives Development Agency – satisfactory, Scientific Research Centre – modest.

Resuming the achievements of the Priority 3 it is to be noted that decent performance was observed for the Measures 3.2 and 3.3 (partly), satisfactory performance in the Measures 3.1 and 3.3 (partly) and relatively modest performance in 3.2 (partly), 3.3 (partly) and 3.4. The result indicators need to be further elaborated or improved by the agencies at the beginning of 2017, with the exception of Cooperative Development Agency which is supposed to provide result indicators in 2017.

### **3.4 Developing Agricultural Land Market**

1) The measure aims to contribute to the development of agricultural land market, promote consolidation of fragmented plots and increase investments in commercial agriculture. The measure is financed through the WB loan and implemented by the National Agency of Public Registry operating under the Ministry of Justice of Georgia. There are no target values of the output indicators and the implementing agency did not provide result indicator for the measure. During the interview with the representatives of the Agency it was underlined that in June 2016 the Parliament of Georgia adopted the law "About improvement of cadastral data and special rule of systemic and sporadic registration of rights on the land areas" within the frameworks of state project which is considered to be a precondition to regulate land market.

2) Adoption of the law represents a crucial step in creation a legal framework for the development of the land market, but is not enough to assess the effectiveness of this measure. Therefore the capacity of the Ministry in developing the agriculture land market might be evaluated as modest.

### **4.1 Tourism Development**

1) The measure aims to support and promote development of Georgia's tourism industry and includes: support to utilize tourism potential of the country, promotion of domestic and internal tourism, establishment of network of tourism information centres, improvement of quality of service through trainings, development of small-scale tourism infrastructure. During the evaluation period the Georgian National Tourism Administration spent GEL 48.2 million for creation of 2 local information centres, delivering 30 trainings for 2470 participants, preparing 5 regional studies and organizing 319 marketing events. The Administration did not set target values for above mentioned activities. As a result of this measure, it is expected that the number of international travelers in Georgia will increase and revenues from tourism will grow.

According to the Administration data, the number of international visitors increased by 15% at the end of 2016 in comparison to 2014. Due to revenues received from tourist sector the share of tourism in GDP grew by 14% in 2015 according to GeoStat (no new data available for 2016).

2) Even though the national indicators show upward trend in tourism development, they don't measure the effects of the Priority devoted to tourism development on the regional level. Therefore, it might be assumed that the capacity of tourism Administration is satisfactory. The better performance on the regional level may be proved by respective indicators.

Based on the information above, the implementation of the Priority 4 of the RDP may be assessed as satisfactory.

### **5.1 Labour Market Demand Survey**

1) The aim of the measure was to conduct the survey on labour market demand. The survey was done by the Ministry of Labour, Health and Social Affairs in 2015 and according to donors' advice it should be updated in 3 years. Therefore, no activities were conducted in 2016.

Based on the information provided by the representative of the Ministry the survey showed that more than 600 people were re-trained in 2015 in the most demanded professions, identified by the survey. By the end of 2016, the annual number of trainees was expected to achieve 2,000.

The monitoring of employment of trainees is provided by Social Service Agency (SSA) - legal entity of public law under the Ministry. During the interview, it became observable that there is no

information exchange established between the Ministry and the SSA, whilst the Ministry doesn't have information whether the trainings were effective and helped re-trained people to find new jobs.

Increasing opportunity of the State to prepare and implement labour market policy is indicated as the result in the Measure Sheets of the RDP. However, the indicator on number of trainees is not sufficient to assess whether the survey helped the State to implement a sound labour policy.

2) Based on the above mentioned, it is not conceivable to define the usefulness of the survey in relation to the expected results; therefore, the capacity of the Ministry in implementation of this RDP measure might be evaluated as modest. In order to improve the performance, the interrelations between the survey and employment data should be established.

## **5.2 Rehabilitation of Existing Colleges**

1) The objective of this measure is to provide high quality vocational training facilities in the country. In 2015 – 2016 the Ministry of Education and Science spent GEL 22.8 million for equipping, renovation and staffing of 35 colleges. As a result of this the number of new VET students across the country increased from 9.9 thousand in 2014 to 11.6 thousand in 2016.

Based on those indicators, the performance is considered as successful. In the RDP Measure Sheets, the Ministry of Education and Science mentioned the improving quality of the vocational training through supported centres as the result, but they were incapable to provide any result indicator for the evaluated period. However, during the interview, the representatives of the Ministry underlined that the work on setting up the result indicator at the beginning of 2017 is being performed.

2) Taking into account that the Ministry presented good output performance, its capacity of implementing the RDP measure related to rehabilitation of existing colleges might be evaluated as satisfactory.

## **5.3 Agriculture Related VET and Extension System**

1) The measure is implemented by UNDP with donors' funds. Initially, it was planned to provide trainings but currently the project supports different types of professional education facilities across Georgia. During the evaluation period, with the support of the project 240 teachers were re-trained, 39 projects aimed at support of learning environment were implemented, 32 Information and Consultancy Centres were set up, 40 study tours for trained VET service providers were organized and 4 working groups were created for improving public-private cooperation. Since UNDP has not presented the result indicators for the project, measurement of its achievement is difficult, but during the interview it was underlined that the UNDP will elaborate new set of result indicators at the beginning of 2017.

2) The capacity of the project in terms of implementation of the RDP measure may be evaluated as satisfactory.

#### **5.4 Training of VET Teachers and Continuous Professional Development**

1) The measure aims to improve the quality of teaching in VET schools. The Ministry of Education and Science during the evaluation period spent GEL 13.3 million on training of 2754 teachers and delivering 358 trainings in the working environment. Unfortunately, both activities do not indicate the target values for indicators.

The Ministry of Education and Science has not been able to provide result indicators however it is proposed to assess the result of the measure by the number of trained teachers, which increased from 519 in 2015 to 2754 in 2016.

2) Taking into account the lack of target values of output and result indicators the capacity of the Ministry in implementing this RDP measure may be evaluated as modest.

#### **5.5 Training of Public Servants in the Regions**

1) The measure aims to establish mechanism for continuous and systemic capacity development for local authorities. The project is funded by donors and implemented by UNDP and Vano Khukhunaishvili Center for Effective Governance System and Territorial Arrangement Reform. For 2017 the target of 2000 local public servants to be trained, out of which 30% are supposed to be

women, has been set. By the end of evaluation period the training was delivered to 3146 beneficiaries, which exceeded the target by 57%. The number of trained women in 2015 amounted to 1106 (lack of data on number of women trained in 2016), which exceeded the target by 35%.

In all 76 municipalities, effective HR policies were introduced (which exceeded the plan by 70%) and 49 training programmes (curricula) were developed (4 times more than planned). Expected results indicated in the RDP Measure Sheets included: i) by 2017, overall evaluation of the local authorities increased by at least 20% (3.2 out of 5); ii) services delivered by local authorities evaluated positively (after transfer of relevant competencies to the Local Self Governments).

2) The capacity of the project in terms of the RDP measure implementation might be evaluated as satisfactory.

Resuming the Priority 5 it is to be stated that within the priority there were no measures with decent performance, whilst satisfactory performance was observed for the Measures 5.2, 5.3, and 5.5, and the modest performance for Measure 5.1 and 5.4. In the future, it would be advantageous to assess the outcomes of all trainings implemented within the Priority in order to make more accurate evaluation of this part of the RDP.

### **Regional Development Fund**

Within the Regional Development Fund during evaluation period (2015-2016) more than 1100 small infrastructural projects of municipalities were financed for the total amount of 348,8 million GEL (after the correction of the State Budget). Among the projects financed by the fund in 2016 the following examples can be found:

- Construction/rehabilitation works of 432.6 km road;
- Construction/rehabilitation works of 444.2 km water supply network and arrangement of 18 infrastructural water supply facilities;
- Construction/rehabilitation works of 86 kindergartens;
- Construction/rehabilitation works of 12 sports facilities;
- Construction/rehabilitation works of 8 cultural facilities;

- Arrangement of 34.9 km street lighting;
- Construction/rehabilitation of 11 bridges;
- Construction/rehabilitation of 2.4 km riverbank protection systems;
- Construction/rehabilitation of 39.3 km drainage system;
- Rehabilitation/roofing/arranging yards of 369 multi-apartment buildings;
- Construction/rehabilitation of 12.3 km sanitation system;
- Construction/rehabilitation of 8 recreation facilities.

## **5. Effectiveness and efficiency of implementation of the Programme**

The evaluation question to be answered within this chapter was formulated as: Is the management and implementation system of RDP effective?

At the beginning of implementation of the RDP capacity of authorities to deal with programming and measuring results of socio-economic in general and regional development in particular had to be assessed as modest. The influence of the implementation of the RDP on the capacity of the Georgian Authorities is very positive. The Programme has brought new standards in relation to cross cutting activities such as coordination, multiannual programming, monitoring, cooperation, partnership with stakeholders. Regarding overall performance of the authorities to implement RDP measures, no systemic barriers have been detected which could impede Georgian authorities from implementation of budgetary resources in a timely and effective manner, however some deficiencies persist in regard to monitoring and measuring (and understanding) of results achieved:

- Ability of authorities to deal with financial management should be assessed very positively – the financial monitoring system works well and delivers necessary information about the progress of the RDP.

- Ability of the authorities to assess physical progress of the programme as foreseen in RDP and its Monitoring Plan is sufficient however there are still some measures without properly set targets for the whole implementation period.
- Although the understanding of requirements among the staff of entities implementing RDP is satisfactory (see Table 3) the possibility of receiving information on results of the RDP is very limited. Partially this problem has its roots in lack of setting the proper list of expected results and corresponding indicators at the level of the whole programme and individual measures. The detailed measure sheets contain some indicators but as it has been revealed during interviews, agencies are not able to assess the progress or they propose to change the indicators.
- Despite of the identified problems it has to be acknowledged that MRDI and the implementing institutions attach great importance to the implementation of the Programme and their capacities to plan, implement and monitor the regional policy have significantly increased thanks to implementation of the Programme, which is a good prognostic for the future.

**Table 2. Assessment of the ability of authorities to measure results at the level of individual measures**

Priority	Measure/Results	Assessment of the ability of authorities to understand and measure results
<b>1. Improvement physical infrastructure and environmental protection</b>	<b>1.1 Roads of international and national importance</b>	<b>good</b>
	<b>1.2 Solid Waste Management</b>	<b>good</b>
	<b>1.3 Water supply, sewage and waste water systems</b>	<b>modest</b>
	<b>1.4 Natural Disaster Risk Reduction and Protection</b>	<b>modest (partly), good (partly)</b>
	<b>1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy</b>	<b>satisfactory</b>
<b>2. Supporting the Development of SMEs and the Creation of New Jobs</b>	<b>2.1 Supporting business in Georgia's regions through institutional and programming activities.</b>	<b>satisfactory</b>

<b>3. Rural development</b>	<b>3.1 Improve irrigation system</b>	<b>satisfactory</b>
	<b>3.2 Improve access to finance</b>	<b>modest (partly), good (partly)</b>
	<b>3.3 Other Programs (Testing and distributing new varieties; development of cooperatives; food safety and development of wine industry)</b>	<b>good (partly), satisfactory (partly), modest (partly)</b>
	<b>3.4 Develop the Agriculture Land Market</b>	<b>modest</b>
<b>4. Tourism Development</b>	<b>4.1 Tourism Development</b>	<b>satisfactory</b>
<b>5. Improvement of Human Capital and Development of Vocational Educational Institutional Capacity at Sub-National Level</b>	<b>5.1 Labor Market Demand Survey</b>	<b>modest</b>
	<b>5.2 Rehabilitation of Existing Colleges, Construction, Equipment and Staffing of New Regional VET Colleges</b>	<b>satisfactory</b>
	<b>5.3 Agriculture Related VET &amp; Extension Systems</b>	<b>satisfactory</b>
	<b>5.4 Training of VET Teachers and Continuous Professional Development</b>	<b>modest</b>
	<b>5.5 Training of Public Servants in the Regions</b>	<b>satisfactory</b>

## IV. Recommendations

On the basis of findings identified during the evaluation process several recommendations for improvement of effectiveness and efficiency of the RDP implementation can be drawn:

	Recommendation	Recipient of recommendation	Way of implementation	Implementation deadline
1	Monitoring indicators (especially physical progress and results) of the RDP 2015-2017 and defining their targets should be subject of further development.	Implementation bodies, MRDI	Filling in remaining gaps in setting indicators and targets for some of them; Building the system of systematic collecting of selected indicators;	2017
2	Further strengthening of the Georgian authorities dealing with regional policy issues, including capacity of MRDI and Governmental Commission on Regional Development (GCRD) to coordinate the whole process.	MRDI, GCRD. Support to be provided by Support to Regional Development Policy Implementation II EU funded TA project and other donors.	Concrete steps may include: <ul style="list-style-type: none"> <li>• assuring additional staffing and implementation of the capacity building programs,</li> <li>• provision of additional trainings,</li> <li>• preparation of standardized manuals on different aspects of implementation including monitoring,</li> <li>• involvement in coordination activities on daily basis not only ministries but also implementing agencies (e.g. MDF, United Water Supply Company, RDPF Unit).</li> </ul>	2017
3	Special attention should be given to strengthening of Georgian authorities' capacity to assess results and socio-economic and territorial effects of regional development policy.	MRDI, relevant ministries and implementing agencies as well as state trustee - governors' administration	Capacity building programs should be prepared and delivered with the use the TA Project.	2017-2018
4	Further improvement of regional statistics allowing for better monitoring and evaluation of RDP is strongly needed.	GEOSTAT with cooperation of MRDI	Gradually increasing the number of indicators used by GEOSTAT for measuring regional development, including data	2017

			available at regional level. In the long run, following the discussions with Eurostat, introducing territorial statistical nomenclature coherent with EU NUTS regulation. More detailed way of implementation of the recommendations should be formulated in the Review of Regional Statistics.	
5	Measure sheets should be updated to include the list of indicators and its targets developed under recommendation 1.	MRDI	Preparation of updated measure sheets with the support of TA project; Adoption by GCRD	2017
6	Assessment of broader socio-economic results of the 2015-2017 RDP and its contribution to the regional cohesion should be a subject of <b>comprehensive evaluation</b> prepared after the end of the programme implementation.	MRDI	TOR for evaluation to be prepared under TA project "Support to Regional Development Policy Implementation II", study financed by other sources. Considering low availability of indicators, especially at regional level, and shortage of proper expertise in this regard in Georgia, within that evaluation macroeconomic modelling should be applied to assess effects of the RDP.	2018
7	New study on regional disparities and trends with the use of new set of indicators stemming from the Review of Regional statistics should be prepared. The study is to provide evidence to be used as a background information in the process of preparation of the new Regional Development Programme post 2018.	MRDI with support of the TA project	Study to be prepared under EU funded TA project "Support to Regional Development Policy Implementation II".	Second half of 2017

## V. Annex I

### To the Mid-term Evaluation Report 2016 on the Implementation of the Regional Development Programme 2015 – 2017

#### List of Interviewees – (Representatives of the) RDP Implementing Entities:

- Roads Department of Georgia – Pavle Gamkrelidze, Giorgi Basiashvili, Giorgi Japaridze
- Ltd “Solid Waste Management Company of Georgia” – Lasha Mchedlishvili, Khatuna Chikviladze, Vakhtang Baramia
- Ltd “United Water Supply Company of Georgia” – Giorgi Archaia, Mikheil Tataradze
- Enterprise Development Agency of Georgia – Otar Antia
- Ministry of Agriculture of Georgia – Shalva Kereselidze
- National Food Safety Agency – Ana Gemazashvili
- Ltd “United Amelioration Systems Company of Georgia” - Zviad Papidze
- National Wine Agency – Paata Chavchanidze
- National Scientific and Research Centre – Nino Chkhartishvili
- Cooperatives Development Agency – Konstantine Khutsaidze, Nino Melia
- Agriculture Projects Management Agency – Micheil Kuchava, Nino Khuchua
- Georgian National Tourism Administration – Rusudan Mamatsashvili
- National Environmental Agency – Elene Kemashvili
- Natural Resources Protection Agency of Georgia – Lia Komakhidze
- Ministry of Labour, Health and Social Affairs – Giorgi Gamkrelidze
- Ministry of Education and Science - Natia Gvirjishvili
- United Nations Development Program- George Nanobashvili, Nino Kakubava

*Interviews were conducted in November and December 2016.*

## VI. Annex II

### To the Mid-term Evaluation Report 2016 on the Implementation of the Regional Development Programme 2015-2017

#### Questions to the RDP Implementing Entities:

- What are effects of the implementation of the RDP?
- Could you provide at least 1 indicator which will measure result(s) you stated in the respective Measure Sheets of the RDP?
  - *if not, do you plan to work on it?*
  - *when will you set up the indicator? (if they plan to work out)*
  - *please provide an example of the indicator(s).*
- Is it any evidence that might prove your performance in terms of the respective Measure of the RDP?
- Is there any problem(s) which might negatively affect the performance of the respective Measure?
- How do you assess effects of the implementation of the programme on the administrative capacity of your institution to deal with regional policy?
- What kind of support would be necessary in the future to improve effectiveness and efficiency of the programme?